

Economic and Social Transformation: A Cross-Regional Perspective
March 31, 2021—8:00 a.m. to 9:00 a.m. (GMT-4)

Moderator:

Jihad Azour, Director, Middle East and Central Asia Department, IMF

Opening Remarks:

Kristalina Georgieva, Managing Director, IMF

Concluding Remarks:

Alejandro Werner, Director, Western Hemisphere Department, IMF

Speakers:

Erik Berglöf, Chief Economist at the Asian Infrastructure Investment Bank

Marwan Muasher, Vice President for Studies at the Carnegie Endowment for International Peace

Mauricio Cárdenas, Visiting Senior Research Scholar and a Visiting Professor at Columbia University SIPA

Minouche Shafik, Director of the London School of Economics and Political Science

What can policymakers learn from previous key economic, political, and social transformations on how to move forward with reforms to support a new social contract? Drawing on the experiences from the former soviet economies, the Arab Spring, and current constitutional reforms in Latin America, the panel discussed how the pandemic can serve as an opportunity for countries to overhaul their economies.

Key Points:

- **Reasons for change:** *Muasher* noted that the root causes for big societal changes are the lack of good governance and economic opportunity. *Cárdenas* highlighted the sharp reversal in recent poverty and inequality gains. *Shafik's* stressed that current social contracts do not provide security nor equal opportunities and that massive talent is wasted around the world.
- **Successful transformations:** *Georgieva* observed that change/transformation brings benefits and opportunities, but it needs to be accompanied with policies that support those negatively affected. *Shafik* noted three elements of a successful transformation: (i) political change (as opposed to political rebranding), (ii) institutional reform toward more effectiveness, and (iii) new ideas. For *Berglöf*, economic and social transformation can only come together with political transformation, while *Muasher* emphasized the need for a new social contract. *Cárdenas* observed the need to prioritize among different objectives, focusing on social cohesion objectives that are accompanied by increases in institutional capacity.
- **Fund's role:** *Cárdenas* called on the Fund to inform about the economic tradeoffs of different change options. *Muasher* stressed the need to talk more to civil society. *Shafik* added that the Fund needs to show countries the economic costs of unequal societies. *Berglöf* saw a role for the Fund in supporting conflict-affected, vulnerable, island, and low-income economies.

Quotes:

"Transformations are desirable when they lead to good policies, but they are complex, and they can be painful." **Kristalina Georgieva**

"We have absolutely an obligation to look at what policies can do to bring us to a more inclusive, greener, resilient, digital world with as little divergence as possible" **Kristalina Georgieva**

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